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AICPA *Washington Report*

December 20, 1982, Volume XI, Issue 43

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DEPOSITORY INSTITUTIONS DEREGULATION COMMITTEE

A proposed modification of the Money Market Deposit Account (MMDA) to expand its applicability and remove transfer restrictions was recently offered for public comment by the Committee (see the 12/16/82 Fed. Reg., pp. 56364-65). The proposed modification would permit commercial banks, mutual savings banks and savings and loan associations to offer the MMDA to depositors that are not now eligible to maintain NOW accounts, with no restriction as to the number of transfers of funds from the account. The Committee is particularly interested in comments on: the impact of the proposal on the flow of funds into and out of and between accounts within institutions; the earnings of institutions; and, the funding of institutions in light of the differing degree of regulation on accounts with different maturities. Comments are requested by 2/1/83. For additional information contact Alan Priest at 202/447-1880.

FEDERAL TRADE COMMISSION

On 12/16/82, the Senate voted to confirm the nomination of economist Dr. George Douglas as a Commissioner on the FTC for a term to expire in 9/89. Dr. Douglas will fill a Democratic member seat on the five member Commission, despite a suggestion by Sen. Wendell H. Ford (D-KY) that Douglas' support for both Democrats and Republicans seemed to qualify him as an "independent." On the FTC's role with respect to state regulated professionals, Dr. Douglas indicated that his personal view was that the business activities of professionals should continue to be subject to FTC jurisdiction. Dr. Douglas said Congress should have the authority to review rulemaking actions by independent agencies "since major rulemaking is itself tantamount to legislation..."

SECURITIES AND EXCHANGE COMMISSION

Two alternative sets of amendments to the rules for application of the full cost method of accounting by oil and gas producers will be a subject of consideration at the SEC's 12/21/82 open meeting. The proposed amendments are intended to clarify the criteria for determining which capitalized costs may be excluded from immediate amortization. They would thereby narrow the diversity of practice resulting from varying interpretations of the Commission's existing rules which permit the exclusion from amortization of "unusually significant" costs of unproved properties and major development projects. The Commission will also consider proposing amendments to clarify its rules on the recognition of gain or loss on sales of oil and gas producing properties. For additional information contact John Albert at 202/272-2130.

The Honorable Alfonse M. D'Amato (R-NY), Chairman of the Senate Banking Subcommittee on Securities, will deliver the key note address at the AICPA's Tenth National Conference on Current SEC Developments. The conference, to be held 1/11-12/83 at the Capital Hilton Hotel in Washington, D.C., will deal with integrated disclosure, shelf registration, oversight of the accounting profession, enforcement, and oil and gas disclosures. Recommended CPE credit is 15 hours. Registration fee for the conference is \$350. For additional information contact the AICPA Meetings Department at 212/272-6451.

TREASURY, DEPARTMENT OF

Temporary regulations requiring large food and beverage establishments to allocate the report tip income were recently issued by the IRS (see the 12/8/82 Fed. Reg., pp. 55215-21). The rules, which implement provisions of the 1982 tax act, require establishments (bars or restaurants), with 10 or more

employees, to report annually to the IRS, certain sales data such as gross receipts from sales of food and beverages, amount of charge receipts and tips shown on such charge receipts. The temporary regulations also require returns be filed on or before the last day of February of the year following the calendar year for which the return is made. The IRS has indicated that a special return would be required for the first quarter of 1983 in order that a study of compliance can be undertaken. While allocation is not required for this return, information such as the identification of employees and the tips reported by each employee must be included on the special return. The temporary regulations require tip allocation to each employee if the employees report tips aggregating less than eight percent of gross receipts. A public hearing on the temporary rules will be held 2/8/83. Written comments are requested by 2/7/83. For additional information contact Linda Kroening at 202/566-3297.

Proposed regulations relating to the disallowance of certain deductions from the gross estate and such items as selling expenses to offset the sales prices of property for income tax purposes were recently issued by the IRS (See the 12/13/82 Fed. Reg., pp. 55697-98). The proposals implement changes in tax law made by tax acts enacted in 1966 and 1976 and relate to code Section 642(g). The 1966 act extends to trusts the prohibition on claiming an item as an income tax deduction of the estate if that same item was deducted in computing the taxable estate of a decedent for estate tax purposes. The proposals note that administrative expenses deducted in arriving at the estate tax base cannot then be deducted by a trust in determining its income tax liability. Additionally covered by the proposals is the overturning by the Tax Reform Act of 1976 of Bray Estate v. Comr., 396 F.2d 452, which upheld a taxpayer's right to reduce the amount realized on the sale of property by selling expenses even though these same expenses were deducted from the gross estate for estate tax purposes. The proposals define an offset expense and other items. Finally, the proposals cover circumstances when taxpayers fail to file the waiver required by tax code Section 642(g) and have deducted the same item from the gross estate for estate tax purposes and from the income of the estate for income tax purposes. Comments are requested by 2/11/83. For additional information contact Neil Zyskind at 202/566-3289.

SPECIAL: VICE PRESIDENT BUSH AGREES TO HEAD TASK FORCE ON CONSOLIDATION OF FINANCIAL REGULATORS

Vice President George Bush has agreed to head a blue-ribbon task force to develop legislative recommendations on consolidating the federal agencies which regulate financial institutions, according to a recent announcement by the Vice President's office. The new "Task Group on Regulation of Financial Services" will be chaired by Mr. Bush with Treasury Secretary Donald Regan serving as Vice Chairman. According to the announcement, the creation of the task force is an "unprecedented move to develop specific legislative proposals for reduction of duplication and inconsistencies within the financial regulatory structure." The new panel will examine ways to cut out regulatory conflict or overlap in such areas as bank examination, deposit insurance, merger policies holding company regulation, securities regulations and in such administrative services of the regulators as legal, auditing, research and data processing. Besides Messrs. Bush and Regan, members of the task force from the Administration are: Attorney General William French Smith, OMB Director David Stockman, Chairman of the Council of Economic Advisers Martin Feldstein, and Assistant to the President for Policy Development Edwin Harper. Financial regulators on the panel include the heads of the FRB, the FDIC, the FHLBB, the SEC, the CFTC, the NCUA, and the Comptroller of the Currency.

SPECIAL: SENATE REJECTS MCCLURE AMENDMENT TO RESTRICT FTC REGULATION OF PROFESSIONALS

An amendment by Sen. James A. McClure (R-ID) to restrict the ability of the Federal Trade Commission (FTC) to regulate professions has been rejected twice in recent votes by the Senate, which decided instead to adopt an alternative amendment offered by Sen. Warren B. Rudman (R-NH). The McClure amendment would have exempted many state-licensed professionals, including CPAs, attorneys, and doctors from almost all FTC regulation and rulemaking on the theory that they were already regulated by the states. The Senate Appropriations Committee, on 12/15/82, voted down the attempt by Sen. McClure to attach his bill to the continuing appropriations bill after the Committee Chairman, Sen. Mark Hatfield (R-OR), voted to accept the Rudman substitute by breaking a 14-14 deadlock. The continuing appropriations bill is needed to provide funds to operate the Federal Government when the current continuing appropriations bill expires at midnight, 12/17/82. The McClure amendment lost in another vote on 12/17/82, when the Senate voted 59-37 to table the McClure amendment, and then by voice vote, accepted the language in the Rudman substitute. Assuming the Senate will finish work on the continuing appropriations bill, there will be a House-Senate conference to work out the differences. The House passed continuing resolution does not contain any restrictive FTC language. The conferees could choose to adopt the Rudman language, reject it, or even adopt something totally different. In any case, the continuing appropriations bill and its amendments will expire when the continuing appropriations expire in approximately 90 days. The Rudman amendment, as adopted by the Senate, is as follows: "None of the funds appropriated by this Act shall be used by the Federal Trade Commission to exercise its authority under section 5 or section 18 of the Federal Trade Commission Act to invalidate any state laws or part thereof, which establishes training, education or experience requirements for the licensure of professionals or the permissible tasks and duties which may be performed by professionals."

For additional information, please contact Jim Kovakas, Gina Rosasco, Nick Nichols or Kathee Baker at 202/872-8190.

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